

Summary of Financial Results for the 4th Fiscal Period Ended July 31, 2023 (REIT)

September 15, 2023

REIT Securities Issuer	Tokaido REIT, Inc.	Listed Stock Exchange	Tokyo Stock Exchange
Securities Code	TSE 2989	URL	https://www.tokaido-reit.co.jp/en/
Representative	(Title) Executive Officer	(Name)	Yoichi Egawa
Asset Manager	Tokaido REIT Management Co., Ltd.		
Representative	(Title) Representative Director and President	(Name)	Yoshinobu Kato
Inquiries	(Title) General Manager of Financial Planning Department	(Name)	Koji Yuguchi
	TEL +81-3-6281-6882		
Scheduled Date of Filing Securities Report	October 30, 2023	Scheduled Date for Commencement of Cash Distribution	October 23, 2023

Supplemental Information for Financial Statements: Scheduled

Investor Meeting Presentation: Scheduled

(for institutional investors and analysts)

(Values are rounded down to the nearest million JPY.)

1. Status of operations and assets for the Fiscal period ended July 2023 (from February 1, 2023 to July 31, 2023)

(1) Operating Results

(% represents the change from the previous fiscal year)

	Operating revenue		Operating profit		Ordinary profit		Net profit	
Fiscal period ended	million JPY	%	million JPY	%	million JPY	%	million JPY	%
07/31/2023	1,616	40.9	966	52.2	811	42.7	810	42.7
01/31/2023	1,147	2.8	635	2.1	568	1.3	567	1.3

	Net profit per investment unit	Net profit to net assets (ROE)	Ratio of ordinary profits to total assets	Ratio of ordinary profits to operating revenue
Fiscal period ended	JPY	%	%	%
07/31/2023	3,341	3.8	1.9	50.2
01/31/2023	3,211	3.2	1.6	49.6

(2) Distributions

	Distributions per unit (excluding surplus cash distributions)	Total distributions (excluding surplus cash distributions)	Surplus cash distributions per unit	Total surplus cash distributions	Payout ratio	Ratio of distributions to net assets
Fiscal period ended	JPY	million JPY	JPY	million JPY	%	%
07/31/2023	3,342	810	-	-	100.0	3.3
01/31/2023	3,211	567	-	-	100.0	3.2

(3) Financial position

	Total assets	Net assets	Net assets to total assets (equity ratio)	Net assets per unit
Fiscal period ended	million JPY	million JPY	%	JPY
07/31/2023	50,037	25,036	50.0	103,245
01/31/2023	35,019	17,596	50.2	99,526

(4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
Fiscal period ended	million JPY	million JPY	million JPY	million JPY
07/31/2023	842	(13,772)	13,656	2,838
01/31/2023	681	(809)	190	2,110

2. Operating forecast for the fiscal period ending January 2024 (from August 1, 2023 to January 31, 2024)
and the fiscal period ending July 2024 (from February 1, 2024 to July 31, 2024)

(% represents the change from the previous fiscal year)

	Operating revenue		Operating profit		Ordinary profit		Net profit		Distributions per unit (excluding surplus cash distributions)	Surplus cash distributions per unit
Fiscal period ended	million JPY	%	million JPY	%	million JPY	%	million JPY	%	JPY	JPY
07/31/2023	1,640	1.5	946	(2.1)	810	(0.1)	809	(0.1)	3,337	-
01/31/2023	1,659	1.1	920	(2.8)	789	(2.6)	788	(2.6)	3,250	-

(Reference) Forecast net profit per unit (forecast net profit divided by the forecast total number of investment units issued and outstanding at end of period)

(Fiscal period ending January 2024) 3,337 JPY, (Fiscal period ending July 2024) 3,250 JPY

(Note) The distributions per unit (excluding surplus cash distributions) for the fiscal period ending January 2024 and the fiscal period ending July 2024 were calculated based on a forecast total of 242,500 investment units issued and outstanding at end of the respective periods.

* Other

(1) Changes in accounting policies, changes in accounting estimates and restatements

(A) Changes in accounting policies due to revision of accounting standards	None
(B) Changes in accounting policies due to reasons other than (A)	None
(C) Changes in accounting estimates	None
(D) Restatements	None

(2) Total number of investment units issued and outstanding at present

(A) Total number of investment units issued at the end of each period (including treasury investment units)

As of July 31, 2023 (4th Fiscal Period): 242,500 units

As of January 31, 2023 (3rd Fiscal Period): 176,800 units

(B) Total number of treasury investment units issued and outstanding at the end of each period

As of July 31, 2023 (4th Fiscal Period): 0 units

As of January 31, 2023 (3rd Fiscal Period): 0 units

* This summary report of financial results is not subject to audit by certified public accountants or external audit procedure.

* Special remarks

The forward-looking statements in this report concerning operating forecasts are based on information currently available to Tokaido REIT and forecasts based on certain assumptions deemed reasonable at the time of the preparation of this report. Accordingly, due to various factors, actual operating conditions may differ significantly from these forecasts. In addition, the forecasts are not a guarantee of the amounts of distributions.

Table of Contents

1. Operations	4
(1) Operations	4
2. Financial Statements	7
(1) Balance Sheets	7
(2) Statements of Income	9
(3) Statement of Changes in Net Assets	10
(4) Statement of Cash Distributions	11
(5) Statement of Cash Flows	12
3. Reference Information	13
(1) Information Regarding the Prices of Assets Under Management, etc.	13
(2) Capital Expenditure Status	17

1. Operations

(1) Operations

(Overview for the fiscal period)

(A) Main trends related to Tokaido REIT

Tokaido REIT, Inc. (hereinafter the "Tokaido REIT") is an investment corporation established on February 1, 2021, by Tokaido REIT Management Co., Ltd. (hereinafter the "Asset Manager"), based on the Act on Investment Trusts and Investment Corporations (Act No. 198 of the year 1951, as amended, hereinafter the "Investment Trust Act"). It was established with 200 million JPY in unitholders' capital (2,000 units). On February 24, 2021, it was registered with the Kanto Local Finance Bureau following Article 187 of the Investment Trust Act (Registration Number: No. 152 of Director-General of the Kanto Local Finance Bureau).

Tokaido REIT issued new investment units (11,940 units) through a private placement with a stock payment date of March 29, 2021, and then additional new investment units (162,860 units) through a public offering with a stock payment date of June 21, 2021. On June 22, 2021, Tokaido REIT was listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. (Securities Code: TSE 2989).

During the 4th fiscal period, Tokaido REIT issued new investment units (65,700 units) through a public offering with a stock payment date of February 1, 2023.

As a result, as of the end of the 4th fiscal period (July 31, 2023), 242,500 investment units have been issued.

Tokaido REIT is a real estate investment corporation focusing on investing in real estate assets in the Tokaido region (Note 1) and the Tokaido vicinity (Note 2). As of 2019, this area along the Tokaido road, which connects hub cities between East Japan and West Japan, accounts for over 60 percent of the GDP of Japan, the world's third-largest economy (2019). Tokaido REIT invests in real estate assets in the area with the support of the area's strong economy. Tokaido REIT aims to improve the unitholder value while contributing to further revitalizing regional economies and developing industries. Tokaido REIT focuses on investing in assets located in the vicinity of the Tokaido region as well as core investments in the industry areas around Shizuoka across the prefectural borders (this sentence refers to these three prefectures: Shizuoka, Aichi, and Mie. The same applies hereinafter. (Note 3). In addition, Tokaido REIT has sponsors, including industrial, logistics, infrastructure, and financial and real estate companies operating in the Tokaido region, mainly in Shizuoka Prefecture. Tokaido REIT aims to maximize the unitholder value by utilizing each sponsor's knowledge and networks regarding real estate assets and their specific areas of industry.

(Note 1) The "Tokaido region" refers to Shizuoka, Aichi, Mie, Tokyo, Kanagawa, Gifu, Shiga, Kyoto, and Osaka Prefectures.

(Note 2) The "Tokaido vicinity" refers to Chiba, Saitama, Yamanashi, Nagano, Hyogo, Nara, and Wakayama Prefectures, which are adjacent to the Tokaido region.

(Note 3) As Yoshicon Co., Ltd. (TSE:5280, hereinafter occasionally referred to as "Yoshicon"), the main sponsor of Tokaido REIT, is based in Shizuoka Prefecture, and Tokaido REIT also places particular focus on Shizuoka Prefecture in its investment, "industrial region with Shizuoka at the core" is used as a term collectively referring to Shizuoka, Aichi and Mie prefectures.

(B) Operating environment

During the 4th fiscal period, Japan's economy has recovered in the individual retail consumption service sector. Reclassifying COVID-19 to a Class 5 disease in Japan and lifting activity restrictions have encouraged people's economic activities, which affects a gradual recovery led by the service sector. As people tend to go out more than before the mid-COVID-19 pandemic and, additionally, inbound tourism has been recovering, hotel asset business and tenant business for urban commercial facilities have been recovering. However, the vacancy rate of urban offices has been up due to the spread of remote work and the increase in the supply of office properties.

Even though companies' profits have been on a high level overall and capital investment is on the rise, investors should pay attention to the diminishing recovery pace of the world economy and the risk of a downturn of the profits and capital investment since the high level of inflation and the rise of the interest rate of each country's central bank.

Against this backdrop, the Tokyo Stock Exchange REIT Index has risen to 1,877.19 points on July 31, 2023, from 1,826.84 points on January 31, 2023. The index increased roughly 50 points during the current fiscal period, the 4th fiscal period.

Under this economic environment, we expect that assets will be categorized into two groups of income-generating assets where one group of the assets stays at the same level of rent fee and occupancy rate, and the other does not. As given, Tokaido REIT strives to secure stable revenue cash flows in the mid and long term by investing in assets considered able to generate stable cash flows and performing appropriate operation management and leasing policies among industrial infrastructure assets and community infrastructure assets that support companies running businesses and people living in the Tokaido region where

Tokaido REIT's primary investment scope is focused. (Hereinafter, the industrial infrastructure assets point to logistics facilities used by companies as their industrial or business bases or land used for such facilities. On the other hand, the community infrastructure assets point to residential properties, land for residential property, and other assets used for sales and distribution of daily necessities.)

(C) Operations

Tokaido REIT acquired two assets (the Centrair Logistics Center and the Shimizucho Delivery and Sales Center) under management in February and June 2023, respectively. By including these two assets, Tokaido REIT possesses 12 assets under management at the end of the 4th fiscal period with a total acquisition price (*Note 1) of 45,192 million JPY.

With the 12 assets up to the 4th fiscal period, Tokaido REIT has managed the total leasable area of 298,768.13 m² and the total leased area of 296,379.45 m². Accordingly, the occupancy rate is 99.2%.

(Note 1) The "acquisition price" indicates the sale and purchase prices (excluding consumption tax, local consumption tax, brokerage commission, and other various expenses) in the sale and purchase agreements for owned properties.

(D) Funded Status

(Equity Finance)

During the 4th fiscal period, Tokaido REIT raised 7,197 million JPY by issuing new investment units (65,700 units) through a public offering with a stock payment date of February 1, 2023. These funds were allocated as part of the funds for acquiring the Centrair Logistics Center and the Shimizucho Delivery and Sales Center.

(Debt Finance)

During the 4th fiscal period, Tokaido REIT borrowed funds (8,400 million JPY) and refinanced existing borrowings from other banks (2,600 million JPY) for acquiring two assets under management, i.e., the Centrair Logistics Center in February 2023 and the Shimizucho Delivery and Sales Center in June 2023.

As a result, the balance of loans at the end of the 4th fiscal period (July 31, 2023) was 23,400 million JPY, and the loan-to-value ratio (hereinafter the LTV") was 46.8%.

(E) Summary of Performance

As a result of the operations above, operating revenue was 1,616 million JPY, operating profit was 966 million JPY, ordinary profit was 811 million JPY, and net profit was 810 million JPY. Following Tokaido REIT's policy on the distribution of cash (Article 25 of the Articles of Incorporation), Tokaido REIT intends to include the maximum value of distributed profits in expenses by applying special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended)). The total amount of unappropriated income for the 4th fiscal period, excluding distributions of less than one JPY per investment unit, was set to 810,435,000 JPY. Hence, distributions per investment unit amounted to 3,342 JPY.

(Outlook for the next fiscal period)

(A) Outlook for operations as a whole

(a) External growth strategy

Tokaido REIT has nine sponsor companies. Those consist of industrial companies, logistics companies, infrastructure companies, and financial and real estate companies. Those companies operate mainly in Shizuoka Prefecture and support the region, one of Japan's concentrated industrial clusters. This framework backs the growth of Tokaido REIT by leveraging each sponsor company's strengths.

Among Tokaido REIT's sponsors, Yoshicon, an industrial sponsor, is the primary sponsor. The sponsor offers support mainly for the external growth of Tokaido REIT by providing Tokaido REIT and the Asset Manager with preferential property information negotiation rights, and warehousing functions. Furthermore, Tokaido REIT and the Asset Manager can also receive selling information regarding properties owned by third parties from the other eight sponsors. Those eight sponsors are, respectively:

- A) Industrial sponsor companies: Kiuchi Construction Co., Ltd. and JDC Corporation
- B) Logistics sponsor companies: Suzuyo & Co., Ltd. and Seiwa Kaiun Co., Ltd.
- C) Infrastructure sponsor companies: Shizuoka Gas Co., Ltd.

D) Financial and real estate sponsor companies: Shizuoka Fudosan K.K.

Those eight sponsors are respectively (A) industrial sponsor companies: Kiuchi Construction Co., Ltd. and JDC Corporation, (B) logistics sponsor companies: Suzuyo & Co., Ltd. and Seiwa Kaiun Co., Ltd., (C) infrastructure sponsor companies: Shizuoka Gas Co., Ltd., and (D) financial and real estate sponsor companies: Shizuoka Fudosan K.K.

In addition, Tokaido REIT plans to take advantage of the exclusive acquisition sources of the Asset Manager to acquire preferential negotiation rights to 'the Mie Ureshino Warehouse II (the tentative name) New Construction Project' on September 15, 2023. (Note)

Tokaido REIT aims to expand its asset size while leveraging the sponsor companies' support and using the Asset Manager's exclusive information.

(Note) Tokaido REIT is not obliged to acquire the property under 'the Mie Ureshino Warehouse II New Construction Project,' and there is no guarantee that it will acquire the property in the future.

(b) Internal growth strategy

Among Tokaido REIT's sponsors, Yoshicon, an industrial company, provides Tokaido REIT and the Asset Manager with property management operations, leasing, and other support for internal growth. Tokaido REIT and the Asset Manager can also receive support for the internal growth from the other eight sponsors (listed in (a) External growth strategy) along with Yoshicon.

Tokaido REIT aims to improve the stability of its revenue stream and maximize its earning power of the unitholder value by performing appropriate asset management as an Asset Manager while leveraging the support of our sponsor companies.

(c) Financial strategy

Tokaido REIT drives to achieve continuous growth by issuing new investment units in line with the external growth to build an asset management platform with medium- and long-term stability and improve the efficiency of our asset management and financial performance. In this viewpoint, for issuing the new investment units, Tokaido REIT comprehensively takes into account the profitability of assets under management, the timing of asset acquisition, LTV standards, interest-bearing debt repayment plans, and the like, applying a wide range of perspectives. Moreover, Tokaido REIT considers investment unit prices and each unitholder's decline in proportional shares (dilution of shares) that results from the new investment units' issuance while deciding based on current financial and real estate market conditions.

Tokaido REIT also adjusts its ratio of fixed and variable interest rates based on the interest rates of the financial market. In its borrowings, Tokaido REIT makes an effort to lower refinancing risk by diversifying repayment dates, using long repayment periods, and reducing and fixing loan interest rates.

(B) Important matters which occurred following the settlement of accounts

N/A

(C) Operating forecasts

Below are the operating forecasts for Tokaido REIT for the fiscal period ending January 2024 (from August 1, 2023 to January 31, 2024) and the fiscal period ending July 2024 (from February 1, 2024 to July 31, 2024).

	Operating revenue	Operating profit	Ordinary profit	Net profit	Distributions per unit (excluding surplus cash distributions)	Surplus cash distributions per unit
Fiscal Period ending	million JPY	million JPY	million JPY	million JPY	JPY	JPY
01/31/2024	1,640	946	810	809	3,337	-
07/31/2024	1,659	920	789	788	3,250	-

Please refer to "Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending January 2024 (from August 1, 2023 to January 31, 2024) and the Fiscal Period Ending July 2024 (from February 1, 2024 to July 31, 2024)" for information regarding the assumptions underlying these operating forecasts.

(Note) The above forecast figures are the current forecasts calculated based on certain assumptions. Accordingly, differences from the assumptions may arise due to various factors. As a result, the actual operating revenue, operating profit, ordinary profit, net profit, distributions per unit, and surplus cash distributions may vary. The forecasts are not a guarantee of the amounts of distributions.

2. Financial Statements

(1) Balance Sheets

(Unit: thousand JPY)

	Previous (3 rd) Fiscal Period As of January 31, 2023	Current (4 th) Fiscal Period As of July 31, 2023
Assets		
Current assets		
Cash and deposits	820,225	943,046
Cash and deposits in trust	1,290,598	1,895,025
Operating accounts receivable	41,887	84,706
Prepaid expenses	46,687	68,053
Consumption tax receivable, etc.	61,244	342,447
Other	452	207
Total current assets	2,261,096	3,333,487
Non-current assets		
Tangible non-current assets		
Buildings	1,632,040	1,638,718
Accumulated depreciation	(53,183)	(72,766)
Buildings (net)	1,578,857	1,565,951
Structures	64,437	65,164
Accumulated depreciation	(408)	(963)
Structures (net)	64,029	64,200
Equipment	1,404	1,404
Accumulated depreciation	(564)	(718)
Equipment (net)	840	686
Land	2,600,449	2,601,029
Buildings in trust	7,942,499	11,768,451
Accumulated depreciation	(326,934)	(461,632)
Buildings in trust (net)	7,615,564	11,306,819
Structures in trust	206,297	313,829
Accumulated depreciation	(11,555)	(16,202)
Structures in trust (net)	194,742	297,626
Equipment in trust	35,402	45,023
Accumulated depreciation	(3,804)	(6,995)
Equipment in trust (net)	31,597	38,028
Land in trust	18,134,097	28,337,115
Total tangible non-current assets	30,220,179	44,211,457
Intangible non-current assets		
Leasehold rights in trust	2,076,544	2,076,544
Total intangible non-current assets	2,076,544	2,076,544
Investments and other assets		
Investment security	102,986	-
Long-term prepaid expenses	46,113	83,617
Security and guarantee deposits	313,063	313,063
Deferred tax assets	13	11
Total investments and other assets	462,176	396,692
Total tangible non-current assets	32,758,899	46,684,694
Deferred assets		
Investment unit issuance expenses	-	19,730
Total deferred assets	-	19,730
Total assets	35,019,995	50,037,911

(Unit: thousand JPY)

	Previous (3 rd) Fiscal Period As of January 31, 2023	Current (4 th) Fiscal Period As of July 31, 2023
Liabilities		
Current liabilities		
Operating accounts payable	132,724	265,642
Short-term borrowings	750,000	500,000
Long-term borrowings maturing in one year or less	3,200,000	6,800,000
Accounts payable-other	88,520	139,161
Accrued income taxes	688	678
Accrued consumption taxes, etc.	6,886	-
Accrued expenses	9,591	8,548
Advances received	158,848	230,488
Deposits	1,000	609
Total current liabilities	4,348,260	7,945,128
Non-current liabilities		
Long-term borrowings	12,400,000	16,100,000
Security and guarantee deposits received	69,788	81,835
Security and guarantee deposits in trust received	605,588	873,960
Total non-current liabilities	13,075,376	17,055,795
Total liabilities	17,423,636	25,000,924
Net assets		
Investor capital		
Unitholders' capital	17,028,560	24,226,520
Retained earnings		
Unappropriated retained earnings	567,799	810,466
Total retained earnings	567,799	810,466
Total investor capital	17,596,359	25,036,987
Total net assets	※1 17,596,359	※1 25,036,987
Total liabilities and net assets	35,019,995	50,037,911

(2) Statements of Income

(Unit: thousand JPY)

	Previous (3 rd) Fiscal Period As of January 31, 2023	Current (4 th) Fiscal Period As of July 31, 2023
Operating revenue		
Leasing business revenue	※1 1,120,985	※1 1,578,160
Other leasing business revenue	※1 22,557	※1 38,351
Dividend income	3,783	452
Total operating revenue	1,147,326	1,616,964
Operating expenses		
Rental business expenses	※1 386,408	※1 489,947
Asset management fees	69,157	97,776
Asset custody fees	1,435	1,578
Administrative service fees	12,440	10,319
Directors' compensation	2,400	2,400
Audit fees	7,065	7,275
Other operating expenses	33,264	40,744
Total operating expenses	512,171	650,041
Operating profit	635,155	966,923
Non-operating income		
Interest income	9	10
Interest on refunds	-	107
Total non-operating income	9	117
Non-operating expenses		
Interest expenses	47,041	67,977
Financing fees	19,528	83,890
Depreciation of investment unit issuance expenses	-	3,946
Total non-operating expenses	66,570	155,814
Ordinary profit	568,595	811,225
Net profit before taxes	568,595	811,225
Income taxes-current	885	851
Income taxes-deferred	(0)	1
Total income taxes	884	853
Net profit	567,710	810,372
Retained earnings brought forward	88	94
Unappropriated retained earnings	567,799	810,466

(3) Statement of Changes in Net Assets

Previous period (from August 1, 2022 to January 31, 2023)

(Unit: thousands JPY)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Retained earnings	Total surplus		
Balance at the beginning of the period	17,028,560	560,544	560,544	17,589,104	17,589,104
Changes of items during the period					
Distributions of retained earnings	-	△560,456	△560,456	△560,456	△560,456
Net income	-	567,710	567,710	567,710	567,710
Total changes of items during the period	-	7,254	7,254	7,254	7,254
Balance at the end of the period	※ 1 17,028,560	567,799	567,799	17,596,359	17,596,359

Current period (from February 1, 2023 to July 31, 2023)

(Unit: thousands JPY)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Retained earnings	Total surplus		
Balance at the beginning of the period	17,028,560	567,799	567,799	17,596,359	17,596,359
Changes of items during the period					
Issuance of new investment units	7,197,960	-	-	7,197,960	7,197,960
Distributions of retained earnings	-	△567,704	△567,704	△567,704	△567,704
Net income	-	810,372	810,372	810,372	810,372
Total changes of items during the period	7,197,960	242,667	242,667	7,440,628	7,440,628
Balance at the end of the period	※ 1 24,226,520	810,466	810,466	25,036,987	25,036,987

(4) Statement of Cash Distributions

(Unit: thousand JPY)

	Previous period from August 1, 2022 to January 31, 2023	Current period from February 1, 2023 to July 31, 2023
I. Retained earnings at end of period	567,799,100	810,466,709
II. Distributions in excess of retained earnings (Distributions per unit)	567,704,800 (3,211)	810,435,000 (3,342)
III. Retained earnings carried forward	94,300	31,709

Calculation method for distributions	<p>In accordance with the policy for the distribution of funds in Article 25, Paragraph 1 of the Investment Corporation's regulations, the amount of distribution is limited to the amount of profit and is set to exceed 90% of the distributable profit amount of the Investment Corporation as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Following this policy, we have decided to distribute ¥567,704,800 as profit distribution, which is the maximum amount not exceeding the current undistributed profit and is a multiple of the total number of issued investment units, 176,800 units.</p> <p>Furthermore, the distribution of funds exceeding the profit will not be conducted, as stipulated in Article 25, Paragraph 2 of the Investment Corporation's regulations.</p>	<p>In accordance with the policy for the distribution of funds in Article 25, Paragraph 1 of the Investment Corporation's regulations, the amount of distribution is limited to the amount of profit and is set to exceed 90% of the distributable profit amount of the Investment Corporation as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Following this policy, we have decided to distribute ¥810,435,000 as profit distribution, which is the maximum amount not exceeding the current undistributed profit and is a multiple of the total number of issued investment units, 242,500 units.</p> <p>Furthermore, the distribution of funds exceeding the profit will not be conducted, as stipulated in Article 25, Paragraph 2 of the Investment Corporation's regulations.</p>
--------------------------------------	---	---

(5) Statement of Cash Flows

(Unit: thousand JPY)

	Previous period from August 1, 2022 to January 31, 2023	Current period from February 1, 2023 to July 31, 2023
Cash flows from operating activities		
Net profit before taxes	568,595	811,225
Depreciation	122,031	162,829
Depreciation of investment unit issuance expenses	-	3,946
Interest income	(9)	(10)
Interest expenses	47,041	67,977
Net decrease (increase) in operating accounts receivable	2,353	(42,819)
Net decrease (increase) in prepaid expenses	3,746	(21,366)
Net decrease (increase) in consumption tax receivable	(61,244)	(281,202)
Net decrease (increase) in long-term prepaid expenses	8,384	(37,504)
Net increase (decrease) in operating accounts payable	65,818	132,740
Net increase (decrease) in accounts payable-other	5,242	50,671
Net increase (decrease) in accrued consumption taxes	(34,432)	(6,886)
Net increase (decrease) in advances received	4,387	71,640
Net increase (decrease) in deposits received	(1,871)	(391)
Other	(1,879)	1,375
Subtotal	728,161	912,226
Interest income received	9	10
Interest expenses paid	(46,118)	(69,020)
Income taxes	(866)	(265)
Cash flows from operating activities	681,185	842,951
Cash flows from investing activities		
Purchase of tangible non-current assets	(730,280)	(7,982)
Purchase of tangible non-current assets in trust	(101,841)	(14,145,948)
Proceeds from redemption of investment securities	504	101,260
Repayments of security and guarantee deposits received	(706)	(1,208)
Security and guarantee deposits	10,315	13,254
Repayments of security and guarantee deposits in trust received	(5,490)	(20,038)
Proceeds from security and guarantee deposits in trust received	17,706	288,411
Cash flows from investing activities	(809,792)	(13,772,251)
Cash flows from financing activities		
Proceeds from short-term loans	750,000	500,000
Repayments of short-term borrowings	-	(750,000)
Proceeds from long-term loans	-	10,500,000
Repayments of long-term borrowings	-	(3,200,000)
Revenue from the issuing of investment units	-	7,197,960
Investment unit issuance expenses	-	(23,676)
Distributions paid	(559,992)	(567,735)
Cash flows from financing activities	190,007	13,656,548
Net increase (decrease) in cash and cash equivalents	61,400	727,247
Cash and cash equivalents at the beginning of the period	2,049,423	2,110,823
Cash and cash equivalents at the end of the period	※ ¹ 2,110,823	※ ¹ 2,838,071

3. Reference Information

(1) Information Regarding the Prices of Assets Under Management, etc.

(A) Investment

Type of asset	Use (Note 1)	Geographic area (Note 2)	Previous (3 rd) Fiscal Period As of January 31, 2023		Current (4 th) Fiscal Period As of July 31, 2023	
			Total value of assets held (million JPY) (Note 3)	Ratio to all assets (Note 4)	Total value of assets held (million JPY) (Note 3)	Ratio to all assets (Note 4)
Real estate	Industrial infrastructure assets	Tokaido region	3,063	8.7	3,059	6.1
		Tokaido vicinity	-	-	-	-
	Community infrastructure assets	Tokaido region	1,181	3.4	1,172	2.3
		Tokaido vicinity	-	-	-	-
Total real estate			4,244	12.1	4,231	8.5
Real estate in trust	Industrial infrastructure assets	Tokaido region	8,489	24.2	19,321	38.6
		Tokaido vicinity	-	-	-	-
	Community infrastructure assets	Tokaido region	19,563	55.9	22,734	45.4
		Tokaido vicinity	-	-	-	-
Total real estate in trust			28,052	80.1	42,056	84.0
Investment securities (Note 5)			102	0.3	-	-
Deposits and other assets			2,620	7.5	3,749	7.5
Total assets			35,019	100.0	50,037	100.0

(Note 1) "Industrial infrastructure assets" refers to logistics facilities and facilities utilized by companies as industrial or business bases, and land used for such facilities. "Community infrastructure assets" refers to residential properties and land of such, and land and other assets used for distribution or sale of daily necessities.

(Note 2) The "Tokaido region" refers to the industrial region centered around Shizuoka (Shizuoka, Aichi, and Mie Prefectures. The same applies hereinafter.) and to the prefectures of Tokyo, Kanagawa, Gifu, Shiga, Kyoto, and Osaka. The "Tokaido vicinity" refers to the prefectures of Chiba, Saitama, Yamanashi, Nagano, Hyogo, Nara and Wakayama.

(Note 3) "Total value of assets held" values are based on the amounts recorded in the balance sheet as of the last day of each fiscal period (book values after depreciation for real estate and real estate trust assets), rounded down to the nearest million JPY.

(Note 4) "Percentage of all assets" values indicate the ratio of the total value of assets held for each type of asset to the total assets for all assets. They are rounded to the first decimal place.

(Note 5) "Investment securities" are the equity interest in the silent partnership as the operator of Godo Kaisha Owari 2. The "silent partnership equity interest" is backed by trust beneficiary rights with the Centrair Logistics Center as their trust asset, but on February 2, 2023, Tokaido REIT acquired said trust beneficiary rights, so the silent partnership equity interest has been redeemed.

	Previous fiscal period As of January 31, 2023		Current fiscal period As of July 31, 2023	
	Amount (million JPY) (Note 1)	Percentage of all assets (Note 2)	Amount (million JPY) (Note 1)	Percentage of all assets (Note 2)
Total liabilities	17,423	49.8	25,000	50.0
Total net assets	17,596	50.2	25,036	50.0
Total assets	35,019	100.0	50,037	100.0

(Note 1) "Total liabilities" values, "total net assets" values, and "total assets" values are based on the amounts recorded in the balance sheet as of the last day of each fiscal period, rounded down to the nearest million JPY.

(Note 2) "Percentage of all assets" values are rounded to the first decimal place.

(B) Investment assets

As of July 31, 2023, the assets held by Tokaido REIT, including real estate and beneficiary rights for real estate trust assets (collectively referred to as "owned assets") are detailed as follows.

(a) Overview of owned assets

The names, addresses, acquisition prices (prices and investment ratios), balance sheet amounts, appraisal values, and acquisition dates of properties pertaining to assets owned by Tokaido REIT are as follows.

(As of July 31, 2023)

Class	Subclass	Property code (Note 1)	Property name	Address	Acquisition price (Note 2)		Balance sheet amount (million JPY) (Note 3)	Appraisal value (million JPY) (Note 4)	Acquisition date
					Price (mn JPY)	Investment ratio (%)			
Industrial infrastructure assets	Logistics asset	LO-1	Inabe Logistics Center	Inabe City, Mie Prefecture	6,230	13.8	6,276	6,880	June 23, 2021
		LO-2	Matsusaka Logistics Center	Matsusaka City, Mie Prefecture	692	1.5	727	751	November 1, 2022
		LO-3	Centrair Logistics Center	Tokoname City, Aichi Prefecture	10,470	23.2	10,825	11,600	February 2, 2023
	Industrial or business asset	OF-1	Mid Building Yokkaichi	Yokkaichi City, Mie Prefecture	1,620	3.6	1,606	1,820	June 23, 2021
		OF-2	Aoi Tower	Shizuoka City, Shizuoka Prefecture	2,300	5.1	2,331	2,590	June 23, 2021
	Land asset (for industrial infrastructure)	IL-1	Shizuoka Machine Yard (land)	Shizuoka City, Shizuoka Prefecture	600	1.3	612	724	January 31, 2022
	Subtotal					21,912	48.5	22,381	24,365
Community infrastructure assets	Residential asset	RE-1	Royal Parks Chikusa	Nagoya City, Aichi Prefecture	4,400	9.7	4,564	4,890	June 23, 2021
		RE-2	Marunouchi EMBL Court	Nagoya City, Aichi Prefecture	1,080	2.4	1,172	1,230	March 30, 2021
		RE-3	EMBL Aile Kusanagi Ekimae	Shizuoka City, Shizuoka Prefecture	2,000	4.4	2,069	2,210	June 23, 2021
		RE-4	EMBL Aile Kusanagi	Shizuoka City, Shizuoka Prefecture	750	1.7	784	985	June 23, 2021
	Land asset (for distribution or sale of daily necessities)	RL-1	Hamamatsu Plaza (land) (Note 5)	Hamamatsu City, Shizuoka Prefecture	11,950	26.4	12,185	12,500	June 23, 2021
	Other asset (for distribution or sale of daily necessities)	RT-1	Shimizucho Delivery and Sales Center	Shimizu-cho, Sunto- gun, Shizuoka Prefecture	3,100	6.9	3,130	3,280	June 1, 2023
	Subtotal					23,280	51.5	23,906	25,095
Total					45,192	100.0	46,288	49,460	

(Note 1) The "property number" is the number given to assets owned by Tokaido REIT based on the "investment target" category. For the "investment target" category, LO refers to logistics assets, OF refers to industrial or business assets, IL refers to land assets (for industrial infrastructure), RE refers to residential assets, RL refers to land assets (for distribution or sale of daily necessities), and RT refers to other assets (for distribution or sale of daily necessities). When an asset is a complex with multiple uses, the asset is indicated under the investment target category with the highest proportion of rent revenue assumed upon full occupancy. The same applies hereinafter.

(Note 2) The "acquisition price" indicates the sale and purchase price of the real estate or trust beneficiary rights (excluding consumption tax, local consumption tax, brokerage commission and other various expenses) indicated in the sale and purchase agreement for the real estate or trust beneficiary rights. Values are rounded down to the nearest million JPY. The "investment ratio" indicates the acquisition price of each owned asset as a percentage of the total acquisition price, rounded to the first decimal place.

(Note 3) The "balance sheet amount" indicates the book value recorded in the balance sheet (the book value after depreciation), rounded down to the nearest million JPY.

(Note 4) The "appraisal value" indicates the appraisal value recorded in each real estate appraisal as of the appraisal date (July 31, 2023). The appraisal of individual owned assets was delegated to Tanizawa Sogo Appraisal Co., Ltd.; Daiwa Real Estate Appraisal Co., Ltd.; JLL Morii Valuation & Advisory K.K.; and Japan Valuers Co., Ltd. The same applies hereinafter.

(Note 5) Tokaido REIT has acquired the land and part of the buildings of the Hamamatsu Plaza (land) property, but the majority of the asset consists of land, so this asset has been categorized as a land asset.

(b) Investment securities

N/A

(c) Portfolio list

The property name, annual rental income, leasable area, leased area, and occupancy rate of the assets owned by the Investment Corporation are as follows.

Class	Subclass	Property code	Property name	Address	Annual rental income (mn JPY) (Note 1)	Leased area (㎡) (Note 2)	Leasable area (㎡) (Note 3)	Occupancy Rate (%) (Note 4)
Industrial infrastructure assets	Logistics asset	LO-1	Inabe Logistics Center	Inabe City, Mie Prefecture	Non-disclosure (Note 5)	105,914.86	105,914.86	100.0
		LO-2	Matsusaka Logistics Center	Matsusaka City, Mie Prefecture	Non-disclosure (Note 5)	3,014.40	3,014.40	100.0
		LO-3	Centrair Logistics Center	Tokoname City, Aichi Prefecture	759	61,944.54	63,719.56	97.2
	Industrial or business asset	OF-1	Mid Building Yokkaichi	Yokkaichi City, Mie Prefecture	132	3,856.44	3,856.44	100.0
		OF-2	Aoi Tower	Shizuoka City, Shizuoka Prefecture	176	2,858.50	2,858.50	100.0
	Land asset (for industrial infrastructure)	IL-1	Shizuoka Machine Yard (land)	Shizuoka City, Shizuoka Prefecture	Non-disclosure (Note 5)	6,219.80	6,219.80	100.0
Community infrastructure assets	Residential asset	RE-1	Royal Parks Chikusa	Nagoya City, Aichi Prefecture	365	12,025.85	12,443.80	96.6
		RE-2	Marunouchi EMBL Court	Nagoya City, Aichi Prefecture	58	2,025.15	2,158.31	93.8
		RE-3	EMBL Aile Kusanagi Ekimae	Shizuoka City, Shizuoka Prefecture	150	6,295.26	6,357.81	99.0
		RE-4	EMBL Aile Kusanagi	Shizuoka City, Shizuoka Prefecture	67	2,908.12	2,908.12	100.0
	Land asset (for distribution or sale of daily necessities)	RL-1	Hamamatsu Plaza (land) (Note 5)	Hamamatsu City, Shizuoka Prefecture	632	80,421.45	80,421.45	100.0
	Other asset (for distribution or sale of daily necessities)	RT-1	Shimizucho Delivery and Sales Center	Shimizu-cho, Sunto-gun, Shizuoka Prefecture	Non-disclosure (Note 5)	8,895.08	8,895.08	100.0
	Total / Average				3,350	296,379.45	298,768.13	99.2

(Note 1) "Annual Rental Income" is calculated as of July 31, 2023, by multiplying the monthly fixed rent (including common service fees) stipulated in the lease agreements with lessees for each owned asset (excluding parking lots, storage, etc., in building lease agreements) by 12, and rounding down to the nearest million yen. In cases where a master lease agreement is in place for each asset, and the rent amount is the same as the total rent amount stipulated in the lease agreements with the end tenants, the annual rent or monthly rent multiplied by 12 as of July 31, 2023, in the effective lease agreements with the end tenants is recorded, rounding down to the nearest million yen. For assets under a fixed-rent master lease agreement, the total of the monthly rent (including common service fees but excluding fees for ancillary facilities like parking and storage rooms) as stated in the lease agreements between the REIT or trustee and the master lease company is recorded. Consumption tax and local consumption tax are excluded, and free rent and rent holidays (exemption from rent payment for specific months) as of July 31, 2023, are not considered.

(Note 2) "Leased Area" refers to the area corresponding to Tokaido REIT's share in the area that can be leased, as stipulated in the lease agreements already concluded between Tokaido REIT and tenants or shown in the drawings of the respective properties. In the case of pass-through type master lease agreements, the area is as stipulated in the lease agreements concluded with end tenants or shown in the drawings of the respective properties. Tokaido REIT or trustee has concluded fixed-rent master lease agreements for Aoi Tower and Shimizu Town Distribution & Sales Center (although it is scheduled to transition to a pass-through type master lease agreement on September 28, 2023), Mid Building Yokkaichi, Royal Parks Chikusa, Marunouchi EMBL Court, EMBL Air Kusanagi Station Front, and EMBL Aile Kusanagi, and a pass-through type master lease agreement for Centrair Logistics Center. Inabe Logistics Center does not include the leasable area related to the rental of roof parts for the installation of solar power generation facilities.

(Note 3) "Leasable Area" refers to the area of each owned asset's building (or the land, in the case of ground lease properties) that Tokaido REIT considers leasable. Inabe Logistics Center does not include the leasable area related to the rental of roof parts for the installation of solar power generation facilities.

(Note 4) "Occupancy Rate" as of July 31, 2023, is calculated by dividing the total leased area stipulated in the lease agreements with tenants for each owned asset by the area that Tokaido REIT considers leasable for each owned asset's building (or land, in the case of ground lease properties), rounding to the second decimal place.

(Note 5) Disclosure is marked as "non-disclosure" due to unavoidable circumstances as consent for disclosure has not been obtained from the lessees.

(C) Overview of real estate appraisal report

This investment corporation has obtained real estate appraisal reports for its held assets as of July 31, 2023, from Tanizawa Sōgō Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K., and Japan Valuers Co., Ltd.

The summary is as follows: The real estate appraisal report represents the judgment and opinion of the appraisal institution at a particular time and does not guarantee the appropriateness, accuracy, or possibility of transactions at the appraised value. Furthermore, there are no special interests between Tanizawa Sōgō Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K., Japan Valuers Co., Ltd., and Tokaido REIT Inc., and Tokaido REIT Asset Management Co., Ltd.

Class	Subclass	Property code	Property name	Appraisal agency	Appraisal value (mn JPY)	Profit price						Appraisal NOI yield (%) (Note 2)
						Price by direct capitalization method (mn JPY)	Return Rate (%)	Price by DCF method (mn JPY)	Discount rate (%)	Final capitalization rate (%)	NOI (mn JPY) (Note 1)	
Industrial infrastructure assets	Logistics asset	LO-1	Inabe Logistics Center	Japan Valuers Co., Ltd.	6,880	6,850	5.4	6,910	5.2	5.6	395	6.3
		LO-2	Matsusaka Logistics Center	Tanizawa Sōgō Appraisal Co., Ltd.	751	773	4.3	741	4.2	4.5	33	4.9
		LO-3	Centrair Logistics Center	Tanizawa Sōgō Appraisal Co., Ltd.	11,600	11,300	4.5	11,700	4.6	4.7	527	5.0
		Subtotal			19,231	18,923	—	19,351	—	—	956	—
	Industrial or business asset	OF-1	Mid Building Yokkaichi	Daiwa Real Estate Appraisal Co., Ltd.	1,820	1,860	5.2	1,800	5.0	5.4	106	6.5
		OF-2	Aoi Tower	Tanizawa Sōgō Appraisal Co., Ltd.	2,590	2,650	4.8	2,570	4.9	5.0	130	5.7
		Subtotal			4,410	4,510	—	4,370	—	—	236	—
	Land asset (for industrial infrastructure)	IL-1	Shizuoka Machine Yard (land)	Daiwa Real Estate Appraisal Co., Ltd.	724	723	5.3 (Note 3)	724	5.3	—	36	6.0
		Subtotal			724	723	—	724	—	—	36	—

Class	Subclass	Property code	Property name	Appraisal Agency	Appraisal Value (mn JPY)	Profit Price						Appraisal NOI yield (%) (Note 2)
						Price by direct capitalization method (mn JPY)	Return Rate (%)	Price by DCF method (mn JPY)	Discount rate (%)	Final capitalization rate (%)	NOI (mn JPY) (Note 1)	
Community infrastructure assets	Residential asset	RE-1	Royal Parks Chikusa	Tanizawa Sōgō Appraisal Co., Ltd.	4,890	4,990	4.1 (Note 4)	4,840	4.1	4.3 (Note 5)	247	5.6
		RE-2	Marunouchi EMBL Court	Tanizawa Sōgō Appraisal Co., Ltd.	1,230	1,260	3.8	1,220	3.9	4.0	51	4.7
		RE-3	EMBL Aile Kusanagi Ekimae	Daiwa Real Estate Appraisal Co., Ltd.	2,210	2,240	5.0	2,190	4.8	5.2	118	5.9
		RE-4	EMBL Aile Kusanagi	JLL Morii Valuation & Advisory K.K.	985	1,000	4.9	969	4.7	5.1	49	6.6
		Total			9,315	9,490	—	9,219	—	—	467	—
	Land asset (for distribution or sale of daily necessities)	RL-1	Hamamatsu Plaza (land) (Note 5)	Daiwa Real Estate Appraisal Co., Ltd.	12,500	12,700	4.7	12,400	4.5	4.9	595	5.0
		Subtotal			12,500	12,700	—	12,400	—	—	595	—
	Other asset (for distribution or sale of daily necessities)	RT- 1	Shimizucho Delivery and Sales Center	Tanizawa Sōgō Appraisal Co., Ltd.	3,280	3,310	5.7	3,260	(Up to 5 th -year) 5.7% (From 6 th -year) 5.8%	5.9	189	6.1
		Subtotal			3,280	3,310	—	3,260	—	—	189	—
	Total / Average					49,460	49,656	—	49,324	—	—	2,480

(Note 1) "NOI" refers to Net Operating Income, which is the operating net revenue stated in the appraisal report, calculated by deducting operating expenses from operating revenues, and refers to the income before deducting depreciation expenses. NOI is different from Net Cash Flow (NCF), which is NOI minus the operational gains from deposits and other sources, and capital expenditures. The NOI mentioned above is calculated using the direct capitalization method. Also, "NOI" is recorded by rounding down to the nearest million yen. Therefore, the sum of NOI for each asset held may not match the total portfolio NOI.

(Note 2) "Appraisal NOI Yield" is calculated by dividing the NOI by the acquisition price, with the figure calculated by the asset management company and rounded to the second decimal place. However, the numbers in the subtotal or total columns are calculated by dividing the subtotal or total of NOI by the subtotal or total of the acquisition price, with the figure calculated by the asset management company and rounded to the second decimal place. These figures are all calculated by the asset management company and are not the figures stated in the real estate appraisal report.

(Note 3) The discount rate adopted for the direct capitalization method (Inwood Model) is stated.

(Note 4) The discount rate adopted for the direct capitalization method (Modified Inwood Model) is stated.

(Note 5) The discount rate at the time of assessing the sale price after the expiration of the holding period is stated.

(2) Capital Expenditure Status

(A) Capital expenditure schedule

N/A

(B) Capital expenditure during the period

N/A

(C) Money set aside for long-term repair plans

N/A